

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567 LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.<sup>1</sup>

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**SUMMARY SHEET ACCOMPANYING SIXTH INTERIM FEE APPLICATION  
OF MCKINSEY & COMPANY, INC. WASHINGTON D.C. AS CONSULTING SERVICES  
PROVIDER TO THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR  
PUERTO RICO, AS REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY (“HTA”) FOR THE PERIOD FROM  
FEBRUARY 1, 2019 THROUGH MAY 31, 2019**

Name of Applicant:	McKinsey & Company, Inc. Washington D.C. (“ <u>McKinsey Washington</u> ”)
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico, as Representative of the Debtors Pursuant to PROMESA Section 315(b)
Period for which Compensation and Reimbursement is Sought:	February 1, 2019 through May 31, 2019
Monthly Fee Statements Subject to Sixth Interim Fee Request:	Fourteenth Monthly Fee Statement for Compensation for Services Rendered

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

From February 1, 2019 through February 28, 2019:  
Title III Support for HTA dated June 19, 2019

Fifteenth Monthly Fee Statement for Compensation for  
Services Rendered From March 1, 2019 through  
March 31, 2019: Title III Support for HTA dated June  
19, 2019

Sixteenth Monthly Fee Statement for Compensation for  
Services Rendered From April 1, 2019 through  
April 30, 2019: Title III Support for HTA dated July 8,  
2019

Seventeenth Monthly Fee Statement for Compensation  
for Services Rendered From May 1, 2019 through  
May 31, 2019: Title III Support for HTA dated July 8,  
2019

Total Fees Requested for Sixth  
Interim Compensation Period: **\$1,240,000.00**

Total expenses requested for Sixth  
Interim Compensation Period: **\$0.00<sup>2</sup>**

Total fees and expenses requested for  
Sixth Interim Compensation Period: **\$1,240,000.00**

Total requested Sixth Interim  
Compensation Period  
fees and expenses paid to date: **\$0.00**

Total fees and expenses subject to  
an Objection: **\$0.00**

Type of Application: **Sixth Interim Fee Application:  
Title III Support for HTA**

Deadline for parties other than notice  
parties to file objections: **August 4, 2019**

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<sup>2</sup> McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567 LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.<sup>3</sup>

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**SIXTH INTERIM FEE APPLICATION OF MCKINSEY & COMPANY, INC.  
WASHINGTON D.C. AS CONSULTING SERVICES PROVIDER TO THE FINANCIAL  
OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS  
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY (“HTA”), FOR THE PERIOD FROM  
FEBRUARY 1, 2019 THROUGH MAY 31, 2019**

McKinsey & Company, Inc. Washington D.C. (“McKinsey Washington”), strategic consultants to the Debtors in the above-captioned cases, respectfully represents:

**INTRODUCTION**

1. By this sixth interim fee application (the “Sixth Interim Fee Application”), McKinsey Washington seeks the allowance and payment of compensation for professional services

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<sup>3</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

pursuant to the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 3269] (the “Interim Compensation Order”), the applicable provisions of Title 11 of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Local Bankruptcy Rules of the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”) and Appendix B of the *U.S. Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 by Attorneys in Large Chapter 11 Cases Effective as of November 1, 2013* (the “U.S. Trustee Guidelines,” and together with the Interim Compensation Order, the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, the “Code and Rules”). Pursuant to the Code and Rules, the Certification of Thomas Dohrmann, a Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit A.

2. By this Sixth Interim Fee Application, McKinsey Washington seeks allowance and payment of compensation for professional services performed by McKinsey Washington for the period from February 1, 2019 through May 31, 2019 (the “Compensation Period”) pursuant to the “Title III Support for HTA” Scope of Work set forth in the Consulting Agreement, as defined in paragraph 10 and attached hereto as Exhibit B, in the aggregate amount of \$1,240,000.00, representing 100% of fees incurred during the Compensation Period. McKinsey Washington submits that allowance and payment of this amount are fully warranted given the actual and necessary services rendered to the Debtors by McKinsey Washington, as described in this Sixth Interim Fee Application.

### **BACKGROUND AND JURISDICTION**

3. On May 3, 2017 (the “Petition Date”), the Commonwealth of Puerto Rico (as herein defined), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), filed a petition (the “Petition”) with the United States District Court for the District of Puerto Rico (the “Court”) under Title III of PROMESA.
4. On May 5, 2017, the Puerto Rico Sales Tax Financing Corporation (“COFINA,” and together with the Commonwealth (the “Commonwealth”) of Puerto Rico, the “Debtors”), by and through the Oversight Board, as COFINA’s representative pursuant to PROMESA section 315(b), filed a petition (“COFINA’s Petition,” and together with the Commonwealth’s Petition, the “Petitions”) with the Court under Title III of PROMESA. The filings of the Petitions constitute orders for relief under Title III of PROMESA.
5. On May 9, 2017, the Debtor filed a motion seeking the joint administration of the Title III cases (the “Title III Cases”) for procedural purposes only, pursuant to PROMESA section 304(g) and Bankruptcy Rule 1015, made applicable to these Title III Cases by PROMESA section 310. On June 1, 2017, the Court ordered that the cases be consolidated for procedural purposes and be jointly administered.
6. On June 15, 2017, an Official Committee of Unsecured Creditors and an Official Committee of Retirees were appointed in the Title III cases by the United States Trustee for Region 21.
7. On November 8, 2017, the Court entered *the First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which directs that professionals in the Title III Cases be paid interim compensation and outlines the procedures by

which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”

8. On June 6, 2018, the Court entered *the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which amended certain provisions regarding the procedures by which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”
9. This Court has subject matter jurisdiction over this matter pursuant to PROMESA section 306(a). Venue is proper in this district pursuant to PROMESA section 307(a).

#### **THE RETENTION OF MCKINSEY WASHINGTON**

10. On or about July 3, 2017, McKinsey Washington and the Oversight Board entered into a contract setting forth consulting services McKinsey Washington would provide in support of the Title III litigation (First amendment effective November 1, 2017, Second amendment effective April 1, 2018) (the “Consulting Agreement”), attached hereto as Exhibit B. The scope of work under the Consulting Agreement is divided into three (3) distinct workstreams: (i) Commonwealth Title III Support; (ii) Title III Support for PREPA; and (iii) Title III Support for HTA. This Sixth Interim Fee Application concerns the third workstream, namely Title III Support for HTA.<sup>4</sup>
11. Consistent with how McKinsey Washington serves clients and prices its engagements both for the public and private sectors, McKinsey Washington’s fee structure under the Consulting

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<sup>4</sup> McKinsey Washington is simultaneously serving separate Sixth Interim Fee Applications for compensation for services rendered pursuant to the other two (2) workstreams under the Consulting Agreement.

Agreement for services related to Title III support for HTA was constructed on a monthly firm fixed price basis, as set forth below for the Compensation Period:

<b>Period of Performance</b>	<b>Fee</b>
February 2019	\$310,000.00
March 2019	\$310,000.00
April 2019	\$310,000.00
May 2019	\$310,000.00

12. These monthly rates are similar to rates that McKinsey Washington charges for professional services rendered in comparable matters. Such fees are reasonable based on the customary compensation in a competitive market.
13. There is no agreement or understanding between McKinsey Washington and any other nonaffiliated person for the sharing of compensation to be received for services rendered in the Title III Cases.
14. All services performed by McKinsey Washington for which fees are requested herein were performed or incurred for and on behalf of the Debtor and were not for any other person or entity.

**SUMMARY DESCRIPTION OF SERVICES PERFORMED –**  
**TITLE III SUPPORT FOR HTA**

15. Set forth below is a brief summary of the principal matters on which McKinsey Washington provided services in connection with the Title III Support for HTA workstream during the Compensation Period, along with a list of the McKinsey Washington professionals who performed

services during that period. In addition to this summary, comprehensive details setting forth the day-to-day activities performed and deliverables provided by McKinsey Washington professionals are included in McKinsey Washington's Monthly Fee Statements (McKinsey Washington's Fourteenth Monthly Fee Statement for Compensation For Services Rendered from February 1, 2019 through February 28, 2019: Title III Support for HTA (the "Fourteenth Monthly Fee Statement: Title III Support for HTA"); McKinsey Washington's Fifteenth Monthly Fee Statement for Compensation For Services Rendered from March 1, 2019 through March 31, 2019: Title III Support for HTA (the "Fifteenth Monthly Fee Statement: Title III Support for HTA"); McKinsey Washington's Sixteenth Monthly Fee Statement for Compensation For Services Rendered from April 1, 2019 through April 30, 2019: Title III Support for HTA (the "Sixteenth Monthly Fee Statement: Title III Support for HTA"); and McKinsey Washington's Seventeenth Monthly Fee Statement for Compensation For Services Rendered from May 1, 2019 through May 31, 2019: Title III Support for HTA (the "Seventeenth Monthly Fee Statement: Title III Support for HTA"), attached hereto as Exhibit C.

***February 2019:***

In February 2019, the McKinsey Washington HTA Team continued to support the FOMB with preparation in the lead up to the certification of HTA's Fiscal Plan and FY20 budget, the monitoring of HTA's performance relative to the Fiscal Plan, and the contract review process as it relates to HTA.

The team facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan/ FY20 budget timeline and workplan, performed analysis on HTA's Capital Improvement Plan (CIP) performance, reviewed interdependencies with other Fiscal Plans, drafted the Fiscal Plan and Budget timeline letter for the FOMB, prepared a monthly reporting memo for the FOMB, and finalized the



review of HTA's construction contract with Del Valle.

The McKinsey Washington personnel who provided services related to the HTA Title III support are set forth below:

Tyler Duvall (Partner – part-time – content director infrastructure);

Aaron Bielenberg (Associate Partner – part-time – content director infrastructure);

Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure);

Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure);

Zarif Jamil (Engagement Manager – full-time – engagement manager); and

David Abarbanel (Associate – full-time – CIP and FP monitoring).

The core activities and deliverables related to the HTA Title III support included:

■ Fiscal Plan development

- Supported several working sessions with the PR Fiscal Agency and Financial Advisory Authority (AAFAF), HTA and its advisors to align on the FOMB's Fiscal Plan/FY20 budget updates on priority topics related to performance of the capital program and operational expenditures
- Developed workplan identifying priority topics and key decisions requiring analysis in preparation for Fiscal Plan submission
- Performed analysis on HTA's CIP performance, potential constraints and opportunities, e.g., annual CIP disbursement capacity, prioritization methodology, bid price cost increases, changes in project schedule

- Identified interdependencies with other Fiscal Plans e.g., macro projections, Disaster Relief Funding assumptions, Title III fees, clawback revenues
- Aligned FP and budget timelines with the CW and other instrumentalities and drafted Fiscal Plan and Budget timeline letter for FOMB

■ Fiscal Plan monitoring

- Developed letter of all outstanding data and information requests from FOMB to HTA and its advisors
- Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions e.g., financial performance, liquidity position, measures implementation, CIP

■ Fiscal Plan support

- Finalized review of Del Valle construction contract

***March 2019:***

In March 2019, the McKinsey Washington HTA Team continued to support the FOMB with the certification of HTA's Fiscal Plan and FY20 budget, the monitoring of HTA's performance relative to the Fiscal Plan, and the contract review process as it relates to HTA.

The team facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan/ FY20 budget timeline and workplan, facilitated a meeting with the Federal Highway Authority (FHWA) to discuss project acceleration opportunities, facilitated a meeting with AAFAF, HTA and FOMB regarding a budget revision request from HTA regarding the Abriendo Caminos projects, performed analysis on HTA's Capital Improvement Plan (CIP) performance, reviewed

interdependencies with other Fiscal Plans, prepared a monthly reporting memo for the FOMB, developed an executive level briefing for the director of HTA, reviewed an MOU between HTA and Hacienda for reimbursement of Title III professional services fees, and reviewed Act-3-2019 regarding toll fines and procedures.

The McKinsey Washington personnel who provided services related to the HTA Title III support are set forth below:

Tyler Duvall (Partner – part-time – content director infrastructure);

Aaron Bielenberg (Associate Partner – part-time – content director infrastructure);

Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure);

Ben Safran (Associate Partner – part-time – engagement director and expertise in infrastructure);

Zarif Jamil (Engagement Manager – full-time – engagement manager); and

David Abarbanel (Associate – full-time – CIP and FP monitoring).

The core activities and deliverables related to the HTA Title III support included:

■ Fiscal Plan development

- Supported several working sessions with the PR Fiscal Agency and Financial Advisory Authority (AAFAF), HTA and its advisors to align on the FOMB's Fiscal Plan/FY20 budget updates on priority topics related to performance of the capital program, toll administrator transition, rightsizing initiatives
- Facilitated working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA

- Performed analysis on HTA’s CIP performance, potential constraints and opportunities, e.g., annual CIP disbursement capacity, prioritization methodology, bid price cost increases, changes in project schedule
  - Developed executive level briefing for director of FOMB on priority topics and decisions related to the FOMB’s Fiscal Plan/FY20 budget updates
  - Reviewed interdependencies with other Fiscal Plans and key dates, e.g., macro projections, Disaster Relief Funding assumptions, Title III fees, clawback revenues
  - Aligned FP and budget timelines with the CW and other instrumentalities and drafted Fiscal Plan and Budget timeline letter for FOMB
- Fiscal Plan monitoring
- Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions, e.g., financial performance, liquidity position, measures implementation, CIP
- Fiscal Plan support
- Facilitated meeting between FOMB and the PR Fiscal Agency and Financial Advisory Authority (AAFAF), and HTA regarding budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
  - Reviewed MOU between HTA and Hacienda regarding Title III professional service fee reimbursement
  - Reviewed Act-3-2019 regarding toll fines and procedures

***April 2019:***

In April 2019, the McKinsey Washington HTA Team focused on supporting the FOMB with the certification of HTA's Fiscal Plan and preparing its FY20 budget and the review of HTA's recent performance to inform development of the Fiscal Plan. Specifically, April focused on review, diligence, and the issuance of a Notice of Violation for HTA's first submission of its FY19-24 Fiscal Plan.

The team continued its work on the Fiscal Plan for HTA. It conducted several follow-up calls with HTA and advisors on Fiscal Plan ("FP") and budget topics, facilitated a meeting with the executive director of HTA on a budget revision request from HTA to authorize \$80M in unbudgeted revenues for use on Abriendo Caminos projects, prepared analysis outlining decision to revise HTA's budget to incorporate that \$80M for the Abriendo Caminos projects, met with the Federal Highway Authority ("FHWA") to solicit feedback on HTA's proposed Fiscal Plan and participated in FHWA senior leadership meeting on MOU performance and potential collaboration, facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan / FY20 budget timeline and workplan, reviewed HTA's Fiscal Plan submission and prepared the Notice of Violation letter, and supported a meeting between the executive directors of FOMB and HTA.

The McKinsey Washington personnel who provided services related to the HTA Title III support are set forth below:

Tyler Duvall (Partner – part-time – content director infrastructure);

Aaron Bielenberg (Associate Partner – part-time – content director infrastructure);

Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure);

Ben Safran (Associate Partner – part-time – engagement director and expertise in infrastructure);

Zarif Jamil (Engagement Manager – full-time – engagement manager); and

David Abarbanel (Associate – full-time – CIP and FP monitoring).

The core activities and deliverables related to the HTA Title III support included:

■ Fiscal Plan development

- Participated in several follow-up calls with HTA and advisors on FP and budget topics (CIP, rightsizing, tolling)
- Refined draft FP model based on outside-in analysis performance and data received from HTA to-date
- Facilitated working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA
- Consolidated, reviewed, and developed perspective on how to incorporate FHWA feedback into the HTA Fiscal Plan
- Prepared Notice of Violation and executive-level brief for FOMB Executive Director on potential violating items and Board decisions required
- Participated in FHWA senior leadership meeting on MOU performance and potential collaboration

■ Fiscal Plan monitoring

- Prepared draft of monthly reporting memo for FOMB

■ Fiscal Plan support

- Facilitated meeting with Executive Director of HTA on budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
- Prepared analysis outlining decision and recommendation regarding \$80M budget revision request noted above
- Explored courses of action in response to HTA request for Abriendo Caminos funding from DTPW (via the general fund)

***May 2019:***

In May 2019, the McKinsey Washington HTA Team focused on finalizing and certifying the HTA's Fiscal Plan and preparing its FY20 budget and the monitoring of HTA's performance to inform adjustments to the Fiscal Plan. Specifically, May focused on refining HTA's FY19-24 Fiscal Plan for certification, including sending an NOV letter; refining assumptions around rightsizing, toll optimization, and the CIP; establishing KPIs for ongoing monitoring; finalizing the Venegas contract; and incorporating feedback from FHWA.

The team finalized the Fiscal Plan ("FP") for HTA. In this process, it reviewed drafts of the Fiscal Plan and collected feedback from Federal Highway Authority ("FHWA"), HTA and its advisors, and the Board subcommittee. Additionally, the team met with HTA to explain the Notice of Violation and to discuss Fiscal Plan gaps and next steps, refined budget assumptions for Abriendo Caminos (road resurfacing program), and set revenue goals for each toll road in HTA's system.

The McKinsey Washington personnel who provided services related to the HTA Title III support are set forth below:

Mike Kerlin (Partner – part-time – content director infrastructure);

Aaron Bielenberg (Associate Partner – part-time – content director infrastructure);

Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure);

Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure);

Zarif Jamil (Engagement Manager – full-time – engagement manager);

David Abarbanel (Associate – full-time – one week - CIP and FP monitoring);

Rustin Fakheri (Associate – full-time, full month– CIP and FP monitoring); and

Sam DeFabrizio (Business Analyst – CIP and FP monitoring).

The core activities and deliverables related to the HTA Title III support included:

■ Fiscal Plan development

- Redlined HTA-submitted draft Fiscal Plan, and reviewed revisions with HTA and its advisors
- Facilitated FOMB-HTA working session on Fiscal Plan updates
- Reviewed HTA’s final Fiscal Plan submission, comparing it to the FOMB version of the Fiscal Plan and identified key drivers
- Finalized and sent Notice of Violation letter to HTA for final draft of Fiscal Plan
- Analyzed professional services included in Fiscal Plan submitted by HTA
- Refined budget assumptions with HTA on Abriendo Caminos, Capital Improvement Program (CIP), the Voluntary Transition Program (VTP), and tolling
- Prepared document for Subcommittee review
- Collected and integrated FHWA feedback on priority FP topics (includes working session)



- Shared Fiscal Plan with FOMB team for final review & incorporated Executive Director’s comments
- Developed recommendation on rollover of HTA funds from prior years
- Reconciled FY19 Fiscal Plan amounts with latest budget-to-actuals report
- Set revenue goals for each toll road to help encourage improvement across the system
- Incorporated feedback on FP from FOMB legal counsel and financial advisors
- Fiscal Plan monitoring
  - Finalized monthly reporting memo for FOMB
- Fiscal Plan support
  - Completed review of HTA’s construction contract with Venegas
  - Responded to Commonwealth (CW) / Fiscal Agency and Financial Advisory Authority (AAFAF) request to use FY18 funds for Abriendo Caminos

## **SUMMARY OF PROFESSIONAL COMPENSATION REQUESTED**

### **Interim Fee Applications**

16. On December 15, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its First Interim Fee Application, covering the compensation period July 1, 2017 through September 30, 2017 [Docket No. 2073].
17. On March 19, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Second Interim Fee Application, covering the period October 1, 2017 through January 31, 2018 [Docket No. 2756].

18. On July 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Third Interim Fee Application, covering the period February 1, 2018 through May 31, 2018 [Docket No. 3580].
19. On October 31, 2018, pursuant to the *Fee Examiner's Third Interim Report on Professional Fees and Expenses (February 1, 2018 – May 31, 2018)*, the Fee Examiner recommended full approval of the First, Second and Third Interim Fee Applications filed by McKinsey Washington [Docket No. 4126].
20. On November 9, 2018, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the First (May 3 through September 30, 2017), Second (October 1, 2017 through January 31, 2018), and Third (February 1 through May 31, 2018) Interim Compensation Periods* (the "Omnibus Fee Order"), this Court granted McKinsey Washington's First, Second and Third Interim Fee Applications, and authorized the Debtors to pay one hundred (100%) percent of the fees requested by McKinsey Washington for each of those compensation periods, as set forth on Exhibit A to the Omnibus Fee Order [Docket No. 4200].
21. On November 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Fourth Interim Fee Application, covering the period June 1, 2018 through September 30, 2018 [Docket No. 4333].
22. On March 14, 2019, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fourth Compensation Period (June 12, 2018 through September 30, 2018)* (the "Second Omnibus Fee Order"), this Court granted McKinsey Washington's Fourth Interim Fee Application, and authorized the Debtors to pay one hundred (100%) percent of the fees requested

by McKinsey Washington for the compensation period, as set forth on Exhibit A to the Second Omnibus Fee Order [Docket No. 5654].

23. On March 18, 2019, pursuant to the Interim Compensation Order, McKinsey Washington filed its Fifth Interim Fee Application, covering the period October 1, 2018 through January 31, 2019 [Docket No. 5805].

24. On June 26, 2019, pursuant to the *Omnibus Order Awarding Interim Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses for the Fifth Compensation Period (October 1, 2018 through January 31, 2019)* (the “Third Omnibus Fee Order”), this Court adjourned consideration of McKinsey Washington’s Fifth Interim Fee Application.

25. On July 15, 2019, pursuant to the Interim Compensation Order, McKinsey Washington filed its Sixth Interim Fee Application, covering the period February 1, 2019 through May 31, 2019.<sup>5</sup>

<sup>5</sup> McKinsey Washington’s six interim fee applications are summarized as follows:

McKinsey Workstream	First Interim Fee Application	Second Interim Fee Application	Third Interim Fee Application	Fourth Interim Fee Application	Fifth Interim Fee Application	Sixth Interim Fee Application
Commonwealth	\$1,480,000.00	\$6,550,000.00	\$7,237,000.00 <sup>1</sup> (understated by \$500.00)	\$5,670,000.00	\$5,670,000.00	\$5,670,000.00
PREPA	\$1,480,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00	\$2,960,000.00
HTA	\$2,160,000.00	\$1,025,000.00	\$1,585,000.00	\$1,240,000.00	\$1,240,000.00	\$1,240,000.00
<b>Total</b>	<b>\$5,120,000.00</b>	<b>\$10,535,000.00</b>	<b>\$11,782,000.00</b>	<b>\$9,870,000.00</b>	<b>\$9,870,000.00</b>	<b>\$9,870,000.00</b>
<b>Total requested amount for all Workstreams for First Six Interim Fee Periods:</b> <b>\$57,047,000.00</b>						

**Monthly Fee Statements**

26. On June 19, 2019, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Fourteenth Monthly Fee Statement for services rendered from February 1, 2019 through February 28, 2019 under the Title III Support for HTA workstream (the “Fourteenth Monthly Fee Period”).
27. As reflected in the Fourteenth Monthly Fee Statement: Title III Support for HTA, during the Fourteenth Monthly Fee Period, McKinsey Washington incurred \$310,000.00 in fees related to Title III Support for HTA and sought payment of ninety (90%) percent of such fees (\$279,000.00) in accordance with the Interim Compensation Order.
28. On June 19, 2019, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Fifteenth Monthly Fee Statement for services rendered from March 1, 2019 through March 31, 2019 under the Title III Support for HTA workstream (the “Fifteenth Monthly Fee Period”).
29. As reflected in the Fifteenth Monthly Fee Statement: Title III Support for HTA, during the Fifteenth Monthly Fee Period, McKinsey Washington incurred \$310,000.00 in fees related to Title III Support for HTA and sought payment of ninety (90%) percent of such fees (\$279,000.00) in accordance with the Interim Compensation Order.
30. On July 8, 2019, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Sixteenth Monthly Fee Statement for services rendered from April 1, 2019 through April 30, 2019 under the Title III Support for HTA workstream (the “Sixteenth Monthly Fee Period”).
31. As reflected in the Sixteenth Monthly Fee Statement: Title III Support for HTA, during the Sixteenth Monthly Fee Period, McKinsey Washington incurred \$310,000.00 in fees related to

Title III Support for HTA and sought payment of ninety (90%) percent of such fees (\$279,000.00) in accordance with the Interim Compensation Order.

32. On July 8, 2019, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Seventeenth Monthly Fee Statement for services rendered from May 1, 2019 through May 31, 2019 under the Title III Support for HTA workstream (the “Seventeenth Monthly Fee Period”).

33. As reflected in the Seventeenth Monthly Fee Statement: Title III Support for HTA, during the Seventeenth Monthly Fee Period, McKinsey Washington incurred \$310,000.00 in fees related to Title III Support for HTA and sought payment of ninety (90%) percent of such fees (\$279,000.00) in accordance with the Interim Compensation Order.

34. To date, McKinsey Washington has been paid a total of \$7,006,665.70<sup>6</sup> for services rendered under the Title III Support for HTA workstream. McKinsey Washington has not received any payment for services rendered under the Title III Support for HTA workstream during the Compensation Period.

35. Pursuant to this Sixth Interim Fee Application, McKinsey Washington seeks an interim allowance of \$1,240,000.00, representing one hundred (100%) percent of its total fees incurred during the Compensation Period, and payment of the outstanding amount of \$1,240,000.00.

**THE REQUESTED COMPENSATION SHOULD BE ALLOWED**

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<sup>6</sup> The amounts paid are “net” of any amounts withheld for tax purposes or the statutory contribution of 1.5% of McKinsey Washington’s professional fees to be deposited in the General Fund.

36. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional "reasonable compensation for actual necessary services rendered ... and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). Section 330 sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded ..., the court should consider the nature, the extent, and the value of such services, taking into account all relevant factors, including-

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title 11 U.S.C. § 330(a)(3).

37. As demonstrated by this Sixth Interim Fee Application and the exhibits attached hereto, the services that McKinsey Washington rendered during the Compensation Period were reasonable, necessary and appropriate. McKinsey Washington expended its time economically and without unnecessary duplication of effort. In addition, the work conducted was carefully assigned to

appropriate professionals, according to the experience and level of knowledge required for each particular task. Accordingly, approval of the compensation sought herein is warranted.

**CONCLUSION**

WHEREFORE, McKinsey Washington respectfully requests that the Court enter an order awarding McKinsey Washington an interim allowance for the Compensation Period in the total amount of \$1,240,000.00, directing the Debtor to pay McKinsey Washington the outstanding portion of such interim fees in the amount of \$1,240,000.00, and granting such other relief as this Court deems just and proper.

Dated: July 15, 2019  
Washington, DC

McKinsey & Company, Inc. Washington DC

/s/ Thomas Dohrmann  
Thomas Dohrmann, Partner  
McKinsey & Company, Inc. Washington DC  
1200 19<sup>th</sup> Street NW Suite 1100  
Washington DC 20036  
Telephone: (202) 662 0078  
Email: Thomas\_Dohrmann@mckinsey.com

*Strategic Consultant to the Debtor*

**Certificate of Service**

1. Notice of this Sixth Interim Fee Application has been or will be provided by overnight delivery

or e-mail to:

- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. ([mbienenstock@proskauer.com](mailto:mbienenstock@proskauer.com)) and Ehud Barak, Esq. ([ebarak@proskauer.com](mailto:ebarak@proskauer.com)), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. ([ppossinger@proskauer.com](mailto:ppossinger@proskauer.com));
- ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. ([hermann.bauer@oneillborges.com](mailto:hermann.bauer@oneillborges.com));
- iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. ([jrapisardi@omm.com](mailto:jrapisardi@omm.com)), Suzanne Uhland, Esq. ([suhland@omm.com](mailto:suhland@omm.com)), and Diana M. Perez, Esq. ([dperez@omm.com](mailto:dperez@omm.com));
- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. ([lmarini@mpmlawpr.com](mailto:lmarini@mpmlawpr.com)) and Carolina Velaz-Rivero Esq. ([cvelaz@mpmlawpr.com](mailto:cvelaz@mpmlawpr.com));
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. ([lucdespins@paulhastings.com](mailto:lucdespins@paulhastings.com));
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. ([jcasillas@cstlawpr.com](mailto:jcasillas@cstlawpr.com)) and Alberto J.E. Añeses Negrón, Esq. ([aaneses@cstlawpr.com](mailto:aaneses@cstlawpr.com));
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq.



([rgordon@jenner.com](mailto:rgordon@jenner.com)) and Richard Levin, Esq. ([rlevin@jenner.com](mailto:rlevin@jenner.com)), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. ([csteege@jenner.com](mailto:csteege@jenner.com)) and Melissa Root, Esq. ([mroot@jenner.com](mailto:mroot@jenner.com));

- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequeira, Esq. ([ajb@bennazar.org](mailto:ajb@bennazar.org));
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting ([Reylam.Guerra@hacienda.pr.gov](mailto:Reylam.Guerra@hacienda.pr.gov)); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting ([Rodriguez.Omar@hacienda.pr.gov](mailto:Rodriguez.Omar@hacienda.pr.gov)); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy ([angel.pantoja@hacienda.pr.gov](mailto:angel.pantoja@hacienda.pr.gov)); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy ([francisco.pares@hacienda.pr.gov](mailto:francisco.pares@hacienda.pr.gov)); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury ([Francisco.Pena@hacienda.pr.gov](mailto:Francisco.Pena@hacienda.pr.gov));
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo ([elugo@edgelegalpr.com](mailto:elugo@edgelegalpr.com)); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler ([BWilliamson@gklaw.com](mailto:BWilliamson@gklaw.com); [KStadler@gklaw.com](mailto:KStadler@gklaw.com)).

## **EXHIBIT A**

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567 LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY (“HTA”),

Debtor.

-----X

**CERTIFICATION OF THOMAS DORHMANN IN SUPPORT OF SIXTH INTERIM FEE  
APPLICATION OF MCKINSEY & COMPANY, INC. WASHINGTON D.C.  
AS CONSULTING SERVICES PROVIDER TO THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF DEBTOR,  
PUERTO RICO HIGHWAY AND TRANSPORTATION AUTHORITY (“HTA”),  
FOR THE PERIOD FROM FEBRUARY 1, 2019 THROUGH MAY 31, 2019**

I, Thomas Dohrmann, certify as follows:

1. I am a Partner in the firm of McKinsey & Company, Inc. Washington DC (“McKinsey Washington”). I submit this certification with respect to the sixth interim fee application of McKinsey Washington as consulting services provider in the above-captioned case (the “Sixth Interim Fee Application”) for the allowance of compensation for professional services rendered during the relevant application period.
2. I make this certification in accordance with the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on June 6, 2018 [Docket No. 3269] (the “Interim Compensation Order”).
3. In connection therewith, I hereby certify that:
  - (a) I have read the Sixth Interim Fee Application;
  - (b) To the best of my knowledge, information and belief formed after reasonable inquiry, the fees sought in the Sixth Interim Fee Application are in substantial compliance with the Interim Compensation Order and the United States Trustee Guidelines for

Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996; and

- (c) The Debtor, the United States Trustee, the Official Committee of Unsecured Creditors and the Official Committee of Retirees of the Debtor have been provided with a copy of the Sixth Interim Fee Application simultaneously with the filing thereof, and will have at least ten (10) days to review such Sixth Interim Fee Application prior to any objection deadline with respect thereto.

Dated: July 15, 2019  
Washington, DC

/s/ Thomas Dohrmann  
Thomas Dohrmann, Partner  
McKinsey & Company, Inc. Washington DC  
1200 19<sup>th</sup> Street NW Suite 1100  
Washington DC 20036  
Telephone: (202) 662 0078  
Email: Thomas\_Dorhmann@mckinsey.com

## **EXHIBIT B**

***PROPRIETARY and CONFIDENTIAL***

**CONSULTING AGREEMENT**

**McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico** (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

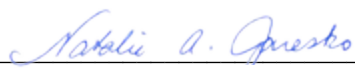
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

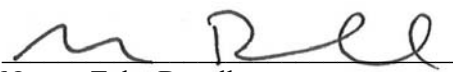
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico  
(Client)

McKinsey & Company, Inc., Washington D.C.

  
Name: Natalie A. Jaresko  
Title: Executive Director  
Date: Sept. 12, 2017

  
Name: Tyler Duvall  
Title: Partner  
Date: September 8, 2017



**ATTACHMENT 1**  
**Scope of Work**  
**For**  
**Commonwealth Title III Support**

**Services:**

In regards to support for the Commonwealth Title III proceedings to the Board to include:

*Activities:*

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
  - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
  - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
  - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
  - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
  - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
  - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverable:*

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

### **Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for PREPA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

**1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required (e.g. updated IRP for PREPA)
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for HTA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

**Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND  
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS FIRST AMENDMENT** to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

**WHEREAS**, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

**1. SERVICES.**

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

**11. MISCELLANEOUS.**

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board  
For Puerto Rico**

  
Name: Natalie A. Jaresko

Title: Executive Director

Date:

**McKinsey & Company, Inc., Washington D.C.**

  
Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

**AMENDED ATTACHMENT 1**  
**Scope of Work For Commonwealth Title III Support**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

Support for the Commonwealth Title III proceedings to the Board to include the following:

***I. Measure:***

- Revising fiscal measures contained in the March 13<sup>th</sup> Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

***II. Baseline and Macro:***

- Reviewing full certified March 13<sup>th</sup> Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

***III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan



- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

\* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**AMENDED ATTACHMENT 3**  
**Scope of Work For Title III Support for HTA**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

\*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

\*\* For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC  
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS SECOND AMENDMENT** to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

**WHEREAS**, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

**McKinsey & Company, Inc., Washington D.C.**



Name: Tyler Duvall

Title: Partner



**SECOND AMENDED ATTACHMENT 3**  
**Scope of Work for Title III Support for HTA**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

*In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:*

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
  - Capex program priorities and efficiency measures
  - Opportunities to increase revenues
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

**SECOND AMENDED ATTACHMENT 1**  
**Scope of Work for Commonwealth Title III Support**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

***Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.



**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

## **EXHIBIT C**

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY (“HTA”),

Debtors.<sup>1</sup>

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**FOURTEENTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.  
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED TO THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS  
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY (“HTA”)  
FOR THE PERIOD FEBRUARY 1, 2019 THROUGH FEBRUARY 28, 2019**

Name of Professional:	McKinsey & Company, Inc. Washington D.C. <u>(“McKinsey Washington”)</u>
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico, as Representative of the Debtors <u>Pursuant to PROMESA Section 315(b)</u>
Period for which compensation and reimbursement is sought:	<u>February 1, 2019 – February 28, 2019</u>
Amount of compensation sought as actual, reasonable and necessary:	<b><u>\$310,000.00</u></b>
Amount of expense reimbursement sought sought as actual, reasonable and necessary <sup>2</sup> :	<b><u>\$0.00</u></b>
Type of Fee Statement:	Fourteenth Monthly Fee Statement: <u>Title III Support for HTA<sup>3</sup></u>

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<sup>1</sup> The last four (4) digits of HTA’s federal tax identification number are 3808.

<sup>2</sup> McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

<sup>3</sup> Notice of this Fourteenth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Order (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Order.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico as representative Of Debtor, Puerto Rico Highways And Transportation Authority (“HTA”, “Debtors” or the “Board”), hereby serves this Fourteenth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of February 2019 (the “Fee Period”) pursuant to the “Title III Support for HTA” Scope of Work (“HTA Scope of Work”) of the consulting agreement entered into between McKinsey Washington and the Board on or about and July 3, 2017 for consulting services in support of the Title III litigation, as amended effective January 1, 2017 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Interim Compensation Procedures, a Certification of Thomas Dohrmann, a Senior Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B, and a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Fourteenth Monthly Fee Statement, is attached as Exhibit C.

2. By this Fourteenth Monthly Fee Statement: Title III Support for HTA, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee Period in the amount of \$279,000.00 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Order).

**Summary of Services Rendered During the Fee Period**

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the HTA Scope of Work.<sup>4</sup>
4. Included at Exhibit D is a detailed summary of McKinsey Washington's scope of services, deliverables and team member activities performed pursuant to the HTA Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice<sup>5</sup> for fees incurred during the Fee Period pursuant to the HTA Scope of Work. As reflected in Exhibit E, McKinsey Washington incurred \$310,000.00 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$279,000.00).
6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.

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<sup>4</sup> McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

<sup>5</sup> The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%). McKinsey Washington has calculated the proportion of work performed in Puerto Rico in a manner that is consistent with the terms of the Consulting Agreement.

7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

### **Representations**

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Fourteenth Monthly Fee Statement: Title III Support HTA due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

### **Notice**

9. Notice of this Fourteenth Monthly Fee Statement: Title III Support for HTA has been or will be provided by overnight delivery or e-mail to:
- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. ([mbienenstock@proskauer.com](mailto:mbienenstock@proskauer.com)) and Ehud Barak, Esq. ([ebarak@proskauer.com](mailto:ebarak@proskauer.com)), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. ([ppossinger@proskauer.com](mailto:ppossinger@proskauer.com));
  - ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn:Hermann D. Bauer, Esq. ([hermann.bauer@oneillborges.com](mailto:hermann.bauer@oneillborges.com));
  - iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq.

(jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);

- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. ([lucdespins@paulhastings.com](mailto:lucdespins@paulhastings.com));
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. ([aaneses@cstlawpr.com](mailto:aaneses@cstlawpr.com));
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. (rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. (csteege@jenner.com) and Melissa Root, Esq. ([mroot@jenner.com](mailto:mroot@jenner.com));
- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequiera, Esq. ([ajb@bennazar.org](mailto:ajb@bennazar.org));
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.pena@hacienda.pr.gov);

- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (KStadler@gklaw.com).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$279,000.00 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: June 19, 2019  
McKinsey & Company, Inc. Washington DC  
Washington DC

*s/Thomas Dohrmann*  
Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC  
1200 19th St NW #1000  
Washington, DC 20036  
Telephone: (202) 662-3100  
Email: Thomas\_Dohrmann@Mckinsey.com

*Strategic Consultant to the Debtors*



**EXHIBIT A**

***Consulting Agreement***

***PROPRIETARY and CONFIDENTIAL***

**CONSULTING AGREEMENT**

**McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico** (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

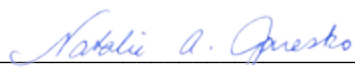
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

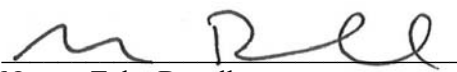
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico  
(Client)

McKinsey & Company, Inc., Washington D.C.

  
Name: Natalie A. Jaresko  
Title: Executive Director  
Date: Sept. 12, 2017

  
Name: Tyler Duvall  
Title: Partner  
Date: September 8, 2017

**ATTACHMENT 1**  
**Scope of Work**  
**For**  
**Commonwealth Title III Support**

**Services:**

In regards to support for the Commonwealth Title III proceedings to the Board to include:

*Activities:*

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
  - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
  - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
  - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
  - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
  - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
  - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverable:*

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

### **Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for PREPA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

**1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required (e.g. updated IRP for PREPA)
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.



**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for HTA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

**Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND  
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS FIRST AMENDMENT** to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

**WHEREAS**, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

**1. SERVICES.**

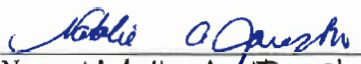
"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

**11. MISCELLANEOUS.**

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**

  
Name: Natalie A. Jaresko

Title: Executive Director

Date:

**McKinsey & Company, Inc., Washington D.C.**

  
Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

**AMENDED ATTACHMENT 1**  
**Scope of Work For Commonwealth Title III Support**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

Support for the Commonwealth Title III proceedings to the Board to include the following:

***I. Measure:***

- Revising fiscal measures contained in the March 13<sup>th</sup> Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

***II. Baseline and Macro:***

- Reviewing full certified March 13<sup>th</sup> Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

***III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

\* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**AMENDED ATTACHMENT 3**  
**Scope of Work For Title III Support for HTA**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

\*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

\*\* For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).





**SECOND AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC  
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS SECOND AMENDMENT** to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

**WHEREAS**, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.



IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

**McKinsey & Company, Inc., Washington D.C.**



Name: Tyler Duvall

Title: Partner

**SECOND AMENDED ATTACHMENT 3**  
**Scope of Work for Title III Support for HTA**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

*In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:*

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
  - Capex program priorities and efficiency measures
  - Opportunities to increase revenues
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

**SECOND AMENDED ATTACHMENT 1**  
**Scope of Work for Commonwealth Title III Support**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

***Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**EXHIBIT B**

***Certification of McKinsey Washington Senior Partner  
Thomas Dohrmann***

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3567-LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY ("HTA"),

(Jointly Administered)

Debtors.

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**CERTIFICATION OF THOMAS DOHRMANN**

I, Thomas Dohrmann, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have been involved in, and managed the provision of professional services rendered by McKinsey Washington as strategic consultant to The Financial Oversight And Management Board For Puerto Rico, as representative of Debtors and am generally familiar with the work performed by the Partners, managers, associates, and other persons in the Firm;
3. The facts set forth in the foregoing Fourteenth Monthly Fee Statement: Title III Support for HTA are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Fourteenth Monthly Fee Statement: Title III Support for HTA complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
  - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
  - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: June 19, 2019  
Washington, DC

*s/Thomas Dohrmann*

Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC



**EXHIBIT C**

*Certification of FOMB Executive Director Natalie Jaresko*

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.

(Jointly Administered)

Debtors.

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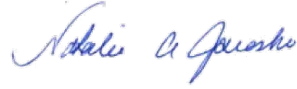
**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON'S  
MONTHLY FEE STATEMENTS FOR THE MONTH OF FEBRUARY 2019**

In accordance with the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269, June 6, 2018] ("Interim Compensation Procedures"), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico ("FOMB");
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the "Consulting Agreement");
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services provided in February 2019 under each of the three (3) workstreams of the Consulting Agreement, namely "Commonwealth Title III Support", "Title III Support for PREPA", and "Title III Support for HTA"; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support

provided during the month of February 2019, pursuant to each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: June 10, 2019

A handwritten signature in blue ink, appearing to read "Natalie Jaresko".

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Natalie Jaresko, Executive Director  
The Financial Oversight and  
Management Board for Puerto Rico

## **EXHIBIT D**

### **Title III Support for HTA**

#### **February 2019**

##### **Summary of Work**

In February, the HTA Team continued to support the FOMB with preparation in the lead up to the certification of HTA's Fiscal Plan and FY20 budget, the monitoring of HTA's performance relative to the Fiscal Plan, and the contract review process as it relates to HTA.

The team facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan / FY20 budget timeline and workplan, performed analysis on HTA's Capital Improvement Plan (CIP) performance, reviewed interdependencies with other Fiscal Plans, drafted the Fiscal Plan and Budget timeline letter for the FOMB, prepared a monthly reporting memo for the FOMB, and finalized the review of HTA's construction contract with Del Valle.

##### **McKinsey Washington's HTA Title III Team Detailed Activities by Deliverable**

- Fiscal Plan development
  - Supported several working sessions with the PR Fiscal Agency and Financial Advisory Authority (AAFAF), HTA and its advisors to align on the FOMB's Fiscal Plan / FY20 budget updates on priority topics related to performance of the capital program and operational expenditures
  - Developed workplan identifying priority topics and key decisions requiring analysis in preparation for Fiscal Plan submission
  - Performed analysis on HTA's CIP performance, potential constraints and opportunities, e.g., annual CIP disbursement capacity, prioritization methodology, bid price cost increases, changes in project schedule
  - Identified interdependencies with other Fiscal Plans e.g., macro projections, Disaster Relief Funding assumptions, Title III fees, clawback revenues
  - Aligned FP and budget timelines with the CW and other instrumentalities and drafted Fiscal Plan and Budget timeline letter for FOMB
- Fiscal Plan monitoring
  - Developed letter of all outstanding data and information requests from FOMB to HTA and its advisors
  - Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions e.g., financial performance, liquidity position, measures implementation, CIP
- Fiscal Plan support
  - Finalized review of Del Valle construction contract

## **McKinsey Washington's HTA Title III Team Detail and Contributions**

The McKinsey team was led by Tyler Duvall and Aaron Bielenberg, who provided overall strategic guidance, expert input and coordination with other workstreams, and two Associate Partners - Ben Safran, who provided direction to the working team and stakeholder management, as required, on a day-to-day basis, and Roberto Charon, who provided expert input on capital projects and infrastructure. The working team consisted of one full-time Engagement Manager (Zarif Jamil) and one full-time Associate (David Abarbanel).

- Tyler Duvall (Partner – part-time – content director infrastructure):
  - Oversaw alignment of FP/budget timelines between HTA, CW and other instrumentalities
  - Reviewed contract review write-up for consistency with federal guidelines and FOMB policy (e.g., variance against FP, availability of funding)
- Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):
  - Provided expert input on cross-cutting themes and approach for the Fiscal Plan / FY20 development process
  - Shared potential approaches for capital program acceleration and the development of the updated CIP
- Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure):
  - Participated in working sessions with HTA and its advisors on capital disbursement projections and rationale for changes relative to the June 29 Fiscal Plan
  - Provided expert input on capital project prioritization and methodology proposed by HTA
- Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure):
  - Provided perspective on HTA Fiscal Plan development priority topics and implications on ongoing engagements with HTA (e.g., working session objectives, participants)
  - Facilitated working sessions between HTA, AAFAF and FOMB to align on expectations for HTA's Fiscal Plan submission and discuss interim outputs
  - Supported Del Valle contract review write-up for consistency with FOMB policy / additional areas requiring clarification
- Zarif Jamil (Engagement Manager – full-time – engagement manager)
  - Developed cadence for, and facilitated fiscal plan development working sessions between HTA and its advisors, as well as the FHWA
  - Supported Commonwealth team in understanding underlying assumptions and legal requirements pertaining to inter-agency transfers
  - Reviewed and refined monthly deliverables prepared by Associate (e.g., monthly reporting memos, B2A analysis, CIP bid and construction analysis) for numerical accuracy, clarity of messaging, and completeness of information
  - Oversaw the review of Del Valle construction contract, ensuring necessary approvals and guidance obtained in line with FOMB and internal operating procedures

- David Abarbanel (Associate – full-time – CIP and FP monitoring)
  - Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions, e.g., financial performance, liquidity position, measures implementation, CIP
  - Prepared contract review write-up for HTA’s construction contract with Del Valle, assessing for budget availability and compliance with HTA’s Fiscal Plan
  - Analyzed monthly budget-to-actuals reporting submissions and obtained clarifications for observed discrepancies and unexplained variances with HTA
  - Developed initial draft of update materials for Executive Director, e.g., overall structure, key analysis to be included
  - Analyzed and updated monthly CIP delivery dashboard for HTA, e.g., ongoing projects by phase, cost and schedule performance

**EXHIBIT E**

***February 2019 Invoice***

## McKinsey&Company

The Financial Oversight and  
Management Board for Puerto Rico  
PO Box 195556  
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant  
[accountspayable@promesa.gov](mailto:accountspayable@promesa.gov)

**Invoice No: USQ-6902BM-5648**

Consulting Agreement  
Client for Strategic Consulting support related to  
the Title III Cases  
Effective Agreement Date: November 1, 2017  
Ammendment Date: April 1 , 2018

Invoice Date: 03/29/2019

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Net 30

### FFP Payment Schedule for HTA Services

**Invoice PoP:** February 1, 2019 – February 28, 2019

Gross invoice amount for services performed outside Puerto Rico:	\$	253,385.69
Gross invoice amount for services performed in Puerto Rico:	\$	79,738.46
<b>Subtotal</b>	<b>\$</b>	<b>333,124.15</b>
Less withholding tax deducted at source	\$	(23,124.15)
<b>Net Invoice Payable:</b>	<b>\$</b>	<b>310,000.00</b>

**Total Invoice: \$ 310,000.00**

**McKinsey reserves the right to reissue an invoice to account for changes in applicable taxes.**

Please wire transfer payment to:  
McKinsey & Company, Inc.  
Citibank N.A.  
Bank Account Number: [REDACTED]  
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:  
McKinsey & Company, Inc.  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal Tax ID#: 56-2405213

**Please reference the invoice number and invoice date on your remittance advice.**

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.



UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA"),

Debtors.<sup>1</sup>

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**FIFTEENTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.  
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED TO THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS  
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA")  
FOR THE PERIOD MARCH 1, 2019 THROUGH MARCH 31, 2019**

Name of Professional:	McKinsey & Company, Inc. Washington D.C. ( <u>"McKinsey Washington"</u> )
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico, as Representative of the Debtors <u>Pursuant to PROMESA Section 315(b)</u>
Period for which compensation and reimbursement is sought:	<u>March 1, 2019 – March 31, 2019</u>
Amount of compensation sought as actual, reasonable and necessary:	<b><u>\$310,000.00</u></b>
Amount of expense reimbursement sought sought as actual, reasonable and necessary <sup>2</sup> :	<b><u>\$0.00</u></b>
Type of Fee Statement:	Fifteenth Monthly Fee Statement: <u>Title III Support for HTA<sup>3</sup></u>

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<sup>1</sup> The last four (4) digits of HTA's federal tax identification number are 3808.

<sup>2</sup> McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

<sup>3</sup> Notice of this Fifteenth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Order (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Order.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico as representative Of Debtor, Puerto Rico Highways And Transportation Authority (“HTA”, “Debtors” or the “Board”), hereby serves this Fifteenth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of March 2019 (the “Fee Period”) pursuant to the “Title III Support for HTA” Scope of Work (“HTA Scope of Work”) of the consulting agreement entered into between McKinsey Washington and the Board on or about and July 3, 2017 for consulting services in support of the Title III litigation, as amended effective January 1, 2017 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Interim Compensation Procedures, a Certification of Thomas Dohrmann, a Senior Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B, and a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Fifteenth Monthly Fee Statement, is attached as Exhibit C.
2. By this Fifteenth Monthly Fee Statement: Title III Support for HTA, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee

Period in the amount of \$279,000.00 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Order).

**Summary of Services Rendered During the Fee Period**

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the HTA Scope of Work.<sup>4</sup>
4. Included at Exhibit D is a detailed summary of McKinsey Washington's scope of services, deliverables and team member activities performed pursuant to the HTA Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice<sup>5</sup> for fees incurred during the Fee Period pursuant to the HTA Scope of Work. As reflected in Exhibit E, McKinsey Washington incurred \$310,000.00 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$279,000.00).
6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.
7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the

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<sup>4</sup> McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

<sup>5</sup> The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%). McKinsey Washington has calculated the proportion of work performed in Puerto Rico in a manner that is consistent with the terms of the Consulting Agreement.

time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

### **Representations**

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Fifteenth Monthly Fee Statement: Title III Support HTA due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Order.

### **Notice**

9. Notice of this Fifteenth Monthly Fee Statement: Title III Support for HTA has been or will be provided by overnight delivery or e-mail to:
- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
  - ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn:Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
  - iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
  - iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq.

(lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);

- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. ([lucdespins@paulhastings.com](mailto:lucdespins@paulhastings.com));
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. ([jcasillas@cstlawpr.com](mailto:jcasillas@cstlawpr.com)) and Alberto J.E. Añeses Negrón, Esq. ([aaneses@cstlawpr.com](mailto:aaneses@cstlawpr.com));
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. ([rgordon@jenner.com](mailto:rgordon@jenner.com)) and Richard Levin, Esq. ([rlevin@jenner.com](mailto:rlevin@jenner.com)), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. ([csteege@jenner.com](mailto:csteege@jenner.com)) and Melissa Root, Esq. ([mroot@jenner.com](mailto:mroot@jenner.com));
- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequeira, Esq. ([ajb@bennazar.org](mailto:ajb@bennazar.org));
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting ([Reylam.Guerra@hacienda.pr.gov](mailto:Reylam.Guerra@hacienda.pr.gov)); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting ([Rodriguez.Omar@hacienda.pr.gov](mailto:Rodriguez.Omar@hacienda.pr.gov)); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy ([angel.pantoja@hacienda.pr.gov](mailto:angel.pantoja@hacienda.pr.gov)); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy ([francisco.pares@hacienda.pr.gov](mailto:francisco.pares@hacienda.pr.gov)); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury ([Francisco.Pena@hacienda.pr.gov](mailto:Francisco.Pena@hacienda.pr.gov));
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo ([elugo@edgelegalpr.com](mailto:elugo@edgelegalpr.com)); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler ([KStadler@gklaw.com](mailto:KStadler@gklaw.com)).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$279,000.00 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: June 19, 2019  
McKinsey & Company, Inc. Washington DC  
Washington DC

*s/Thomas Dohrmann*

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Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC  
1200 19th St NW #1000  
Washington, DC 20036  
Telephone: (202) 662-3100  
Email: Thomas\_Dohrmann@Mckinsey.com

*Strategic Consultant to the Debtors*

**EXHIBIT A**

***Consulting Agreement***

***PROPRIETARY and CONFIDENTIAL***

**CONSULTING AGREEMENT**

**McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico** (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's



Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

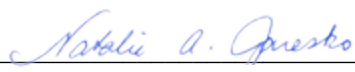
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

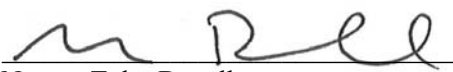
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico  
(Client)

McKinsey & Company, Inc., Washington D.C.

  
Name: Natalie A. Jaresko  
Title: Executive Director  
Date: Sept. 12, 2017

  
Name: Tyler Duvall  
Title: Partner  
Date: September 8, 2017

**ATTACHMENT 1**  
**Scope of Work**  
**For**  
**Commonwealth Title III Support**

**Services:**

In regards to support for the Commonwealth Title III proceedings to the Board to include:

*Activities:*

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
  - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
  - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
  - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
  - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
  - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
  - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverable:*

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

### **Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for PREPA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

**1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required (e.g. updated IRP for PREPA)
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for HTA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

**Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.



**FIRST AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND  
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS FIRST AMENDMENT** to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

**WHEREAS**, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

**1. SERVICES.**

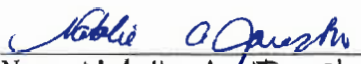
"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

**11. MISCELLANEOUS.**

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board  
For Puerto Rico**

  
Name: Natalie A. Jaresko

Title: Executive Director

Date:

**McKinsey & Company, Inc., Washington D.C.**

  
Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

**AMENDED ATTACHMENT 1**  
**Scope of Work For Commonwealth Title III Support**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

Support for the Commonwealth Title III proceedings to the Board to include the following:

***I. Measure:***

- Revising fiscal measures contained in the March 13<sup>th</sup> Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

***II. Baseline and Macro:***

- Reviewing full certified March 13<sup>th</sup> Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

***III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

\* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**AMENDED ATTACHMENT 3**  
**Scope of Work For Title III Support for HTA**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

\*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

\*\* For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).





**SECOND AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC  
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS SECOND AMENDMENT** to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

**WHEREAS**, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.


For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

**McKinsey & Company, Inc., Washington D.C.**



Name: Tyler Duvall

Title: Partner

**SECOND AMENDED ATTACHMENT 3**  
**Scope of Work for Title III Support for HTA**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

*In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:*

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
  - Capex program priorities and efficiency measures
  - Opportunities to increase revenues
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance



**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

**SECOND AMENDED ATTACHMENT 1**  
**Scope of Work for Commonwealth Title III Support**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

***Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**EXHIBIT B**

***Certification of McKinsey Washington Senior Partner Thomas  
Dohrmann***

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA"),

(Jointly Administered)

Debtors.

-----X

**CERTIFICATION OF THOMAS DOHRMANN**

I, Thomas Dohrmann, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have been involved in, and managed the provision of professional services rendered by McKinsey Washington as strategic consultant to The Financial Oversight And Management Board For Puerto Rico, as representative of Debtors and am generally familiar with the work performed by the Partners, managers, associates, and other persons in the Firm;
3. The facts set forth in the foregoing Fifteenth Monthly Fee Statement: Title III Support for HTA are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Fifteenth Monthly Fee Statement: Title III Support for HTA complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
  - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
  - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: June 19, 2019  
Washington, DC

*s/Thomas Dohrmann*

Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC

**EXHIBIT C**

*Certification of FOMB Executive Director Natalie Jaresko*

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.

(Jointly Administered)

Debtors.

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**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON'S  
MONTHLY FEE STATEMENTS FOR THE MONTH OF MARCH 2019**

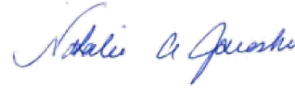
In accordance with the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269, June 6, 2018] ("Interim Compensation Procedures"), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico ("FOMB");
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the "Consulting Agreement");
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services provided in March 2019 under each of the three (3) workstreams of the Consulting Agreement, namely "Commonwealth Title III Support", "Title III Support for PREPA", and "Title III Support for HTA"; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support



provided during the month of March 2019, pursuant to each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: June 10, 2019

A handwritten signature in blue ink, appearing to read "Natalie Jaresko", is positioned above a horizontal line.

Natalie Jaresko, Executive Director  
The Financial Oversight and  
Management Board for Puerto Rico

## **EXHIBIT D**

### **Title III Support for HTA**

#### **March 2019**

##### **Summary of Work**

In March, the HTA Team continued to support the FOMB with the certification of HTA's Fiscal Plan and FY20 budget, the monitoring of HTA's performance relative to the Fiscal Plan, and the contract review process as it relates to HTA.

The team facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan / FY20 budget timeline and workplan, facilitated a meeting with the Federal Highway Authority (FHWA) to discuss project acceleration opportunities, facilitated a meeting with AAFAF, HTA and FOMB regarding a budget revision request from HTA regarding the Abriendo Caminos projects, performed analysis on HTA's Capital Improvement Plan (CIP) performance, reviewed interdependencies with other Fiscal Plans, prepared a monthly reporting memo for the FOMB, developed an executive level briefing for the director of HTA, reviewed an MOU between HTA and Hacienda for reimbursement of Title III professional services fees, and reviewed Act-3-2019 regarding toll fines and procedures.

##### **McKinsey Washington's HTA Title III Team Detailed Activities by Deliverable**

###### **■ Fiscal Plan development**

- Supported several working sessions with the PR Fiscal Agency and Financial Advisory Authority (AAFAF), HTA and its advisors to align on the FOMB's Fiscal Plan / FY20 budget updates on priority topics related to performance of the capital program, toll administrator transition, rightsizing initiatives.
- Facilitated working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA
- Performed analysis on HTA's CIP performance, potential constraints and opportunities, e.g., annual CIP disbursement capacity, prioritization methodology, bid price cost increases, changes in project schedule
- Developed executive level briefing for director of FOMB on priority topics and decisions related to the FOMB's Fiscal Plan / FY20 budget updates
- Reviewed interdependencies with other Fiscal Plans and key dates, e.g., macro projections, Disaster Relief Funding assumptions, Title III fees, clawback revenues
- Aligned FP and budget timelines with the CW and other instrumentalities and drafted Fiscal Plan and Budget timeline letter for FOMB

###### **■ Fiscal Plan monitoring**

- Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions e.g., financial performance, liquidity position, measures implementation, CIP
- Fiscal Plan support
  - Facilitated meeting between FOMB and the PR Fiscal Agency and Financial Advisory Authority (AAFAF), and HTA regarding budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
  - Reviewed MOU between HTA and Hacienda regarding Title III professional service fee reimbursement
  - Reviewed Act-3-2019 regarding toll fines and procedures

### **McKinsey Washington's HTA Title III Team Detail and Contributions**

The McKinsey team was led by Tyler Duvall and Aaron Bielenberg, who provided overall strategic guidance, expert input and coordination with other workstreams, and two Associate Partners - Ben Safran, who provided direction to the working team and stakeholder management, as required, on a day-to-day basis, and Roberto Charon, who provided expert input on capital projects and infrastructure. The working team consisted of one full-time Engagement Manager (Zarif Jamil) and one full-time Associate (David Abarbanel).

- Tyler Duvall (Partner – part-time – content director infrastructure):
  - Provided perspective on FOMB's approach to the Fiscal Plan and FY20 budget development process and implications on HTA's process
  - Provided expertise related to tolling rate increase options for HTA and approaches used in other jurisdictions
- Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):
  - Provided perspective on analysis of capital program delivery and revised CIP projections prepared by HTA
  - Provided expert input on approaches to capex delivery capability building in Puerto Rico
- Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure):
  - Provided perspective on HTA's existing operating model and implications on the Fiscal Plan and delivery of the CIP
  - Provided expert capital projects perspective in meeting with the PR Department of Transportation (DTOP), HTA, FHWA, AAFAF and FOMB to discuss project delivery challenges, best practices and acceleration opportunities
  - Provided expert capital projects perspective in meeting with HTA and advisors to understand details of project prioritization approach and rationale for changes in project portfolio
- Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure):
  - Facilitated and supported working session with AAFAF and HTA to discuss Fiscal Plan priority topics, e.g., toll revenues, toll fines, rightsizing, discretionary funding and CIP

- Facilitated and supported meeting with DTOP, HTA, FHWA, AAFAF and FOMB to discuss project delivery challenges, best practices and acceleration opportunities
- Provided input on areas to be potentially refined / updated in HTA's revised Fiscal Plan e.g., performance to-date, adjusting for FY19 actuals, capital program assumptions
- Reviewed update materials for Executive Director, providing input on key messages and contextual elements, e.g., current situation at HTA, key areas of performance
- Zarif Jamil (Engagement Manager – full-time – engagement manager)
  - Attended briefing for Executive Director, supporting Associate in developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Supported meeting between FOMB and the PR Fiscal Agency and Financial Advisory Authority (AAFAF), and HTA regarding budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
  - Reviewed and refined monthly deliverables prepared by Associate (e.g., Executive Director briefing, Fiscal Plan working session schedules, monthly CIP reporting) for numerical accuracy, clarity of messaging, and completeness of information
  - Oversaw the review of Act-3-2019 pertaining to HTA's toll fines, ensuring necessary approvals and guidance obtained in line with FOMB and internal operating procedures
  - Oversaw the review of an MOU between HTA and Hacienda regarding Title III professional service fee reimbursement
- David Abarbanel (Associate – full-time – CIP and FP monitoring)
  - Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions, e.g., financial performance, liquidity position, measures implementation, CIP
  - Prepared new iteration of recommended CIP tracking template for HTA, identifying relevant fields to be incorporated based on expert input, and reviewing subsequent iterations prepared by HTA's advisors
  - Prepared update materials for Executive Director, developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Analyzed monthly budget-to-actuals reporting submissions and obtained clarifications for observed discrepancies and unexplained variances with HTA
  - Supported meeting between FOMB and the PR Fiscal Agency and Financial Advisory Authority (AAFAF), and HTA regarding budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
  - Reviewed MOU between HTA and Hacienda regarding Title III professional service fee reimbursement
  - Reviewed Act-3-2019 regarding toll fines and procedures

**EXHIBIT E**

***March 2019 Invoice***

## McKinsey&Company

The Financial Oversight and  
Management Board for Puerto Rico  
PO Box 195556  
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant  
[accountspayable@promesa.gov](mailto:accountspayable@promesa.gov)

**Invoice No: USQ-8144YQ-5756**

Consulting Agreement  
Client for Strategic Consulting support related to  
the Title III Cases  
Effective Agreement Date: November 1, 2017  
Amendment Date: April 1, 2018

Invoice Date: 05/30/2019

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Net 30

### FFP Payment Schedule for HTA Services

**Invoice PoP:** March 1, 2019 – March 31, 2019

Gross invoice amount for services performed outside Puerto Rico:	\$	124,204.49
Gross invoice amount for services performed in Puerto Rico:	\$	261,683.81
<b>Subtotal</b>	<b>\$</b>	<b>385,888.31</b>
Less withholding tax deducted at source	\$	(75,888.31)
<b>Net Invoice Payable:</b>	<b>\$</b>	<b>310,000.00</b>

**Total Invoice: \$ 310,000.00**

**McKinsey reserves the right to reissue an invoice to account for changes in applicable taxes.**

Please wire transfer payment to:  
McKinsey & Company, Inc.  
Citibank N.A.  
Bank Account Number: [REDACTED]  
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:  
McKinsey & Company, Inc.  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal Tax ID#: 56-2405213

**Please reference the invoice number and invoice date on your remittance advice.**

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY (“HTA”),

Debtors.<sup>1</sup>

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**SIXTEENTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.  
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED TO THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS  
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY (“HTA”)  
FOR THE PERIOD APRIL 1, 2019 THROUGH APRIL 30, 2019**

Name of Professional:	McKinsey & Company, Inc. Washington D.C. <u>(“McKinsey Washington”)</u>
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico, as Representative of the Debtors <u>Pursuant to PROMESA Section 315(b)</u>
Period for which compensation and reimbursement is sought:	<u>April 1, 2019 - April 30, 2019</u>
Amount of compensation sought as actual, reasonable and necessary:	<b><u>\$310,000.00</u></b>
Amount of expense reimbursement sought sought as actual, reasonable and necessary <sup>2</sup> :	<b><u>\$0.00</u></b>
Type of Fee Statement:	Sixteenth Monthly Fee Statement: <u>Title III Support for HTA<sup>3</sup></u>

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<sup>1</sup> The last four (4) digits of HTA’s federal tax identification number are 3808.

<sup>2</sup> McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

<sup>3</sup> Notice of this Sixteenth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Order (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Order.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico as representative Of Debtor, Puerto Rico Highways And Transportation Authority (“HTA”, “Debtors” or the “Board”), hereby serves this Sixteenth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of April 2019 (the “Fee Period”) pursuant to the “Title III Support for HTA” Scope of Work (“HTA Scope of Work”) of the consulting agreement entered into between McKinsey Washington and the Board on or about and July 3, 2017 for consulting services in support of the Title III litigation, as amended effective January 1, 2017 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Interim Compensation Procedures, a Certification of Thomas Dohrmann, a Senior Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B, and a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Sixteenth Monthly Fee Statement, is attached as Exhibit C.
2. By this Sixteenth Monthly Fee Statement: Title III Support for HTA, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee



Period in the amount of \$279,000.00 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Order).

**Summary of Services Rendered During the Fee Period**

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the HTA Scope of Work.<sup>4</sup>
4. Included at Exhibit D is a detailed summary of McKinsey Washington's scope of services, deliverables and team member activities performed pursuant to the HTA Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice<sup>5</sup> for fees incurred during the Fee Period pursuant to the HTA Scope of Work. As reflected in Exhibit E, McKinsey Washington incurred \$310,000.00 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$279,000.00).
6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.
7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

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<sup>4</sup> McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

<sup>5</sup> The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%). McKinsey Washington has calculated the proportion of work performed in Puerto Rico in a manner that is consistent with the terms of the Consulting Agreement.

**Representations**

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Sixteenth Monthly Fee Statement: Title III Support HTA due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

**Notice**

9. Notice of this Sixteenth Monthly Fee Statement: Title III Support for HTA has been or will be provided by overnight delivery or e-mail to:
- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. ([ppossinger@proskauer.com](mailto:ppossinger@proskauer.com));
  - ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn:Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
  - iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
  - iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantoni Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
  - v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);

- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. ([lucdespins@paulhastings.com](mailto:lucdespins@paulhastings.com));
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. ([jcasillas@cstlawpr.com](mailto:jcasillas@cstlawpr.com)) and Alberto J.E. Añeses Negrón, Esq. ([aaneses@cstlawpr.com](mailto:aaneses@cstlawpr.com));
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. ([rgordon@jenner.com](mailto:rgordon@jenner.com)) and Richard Levin, Esq. ([rlevin@jenner.com](mailto:rlevin@jenner.com)), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. ([csteege@jenner.com](mailto:csteege@jenner.com)) and Melissa Root, Esq. ([mroot@jenner.com](mailto:mroot@jenner.com));
- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequeira, Esq. ([ajb@bennazar.org](mailto:ajb@bennazar.org));
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting ([Reylam.Guerra@hacienda.pr.gov](mailto:Reylam.Guerra@hacienda.pr.gov)); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting ([Rodriguez.Omar@hacienda.pr.gov](mailto:Rodriguez.Omar@hacienda.pr.gov)); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy ([angel.pantoja@hacienda.pr.gov](mailto:angel.pantoja@hacienda.pr.gov)); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy ([francisco.pares@hacienda.pr.gov](mailto:francisco.pares@hacienda.pr.gov)); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury ([Francisco.pena@hacienda.pr.gov](mailto:Francisco.pena@hacienda.pr.gov));
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo ([elugo@edgelegalpr.com](mailto:elugo@edgelegalpr.com)); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler ([KStadler@gklaw.com](mailto:KStadler@gklaw.com)).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$279,000.00 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: July 8, 2019  
McKinsey & Company, Inc. Washington DC  
Washington DC

*s/Thomas Dohrmann*

Thomas Dohrmann

Senior Partner

McKinsey & Company, Inc. Washington DC

1200 19th St NW #1000

Washington, DC 20036

Telephone: (202) 662-3100

Email: Thomas\_Dohrmann@Mckinsey.com

*Strategic Consultant to the Debtors*

**EXHIBIT A**

***Consulting Agreement***

***PROPRIETARY and CONFIDENTIAL***

**CONSULTING AGREEMENT**

**McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico** (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.



Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

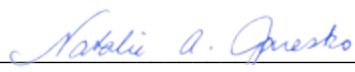
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

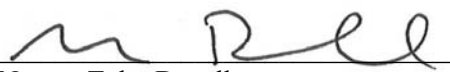
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico  
(Client)

McKinsey & Company, Inc., Washington D.C.

  
Name: Natalie A. Jaresko  
Title: Executive Director  
Date: Sept. 12, 2017

  
Name: Tyler Duvall  
Title: Partner  
Date: September 8, 2017



**ATTACHMENT 1**  
**Scope of Work**  
**For**  
**Commonwealth Title III Support**

**Services:**

In regards to support for the Commonwealth Title III proceedings to the Board to include:

*Activities:*

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
  - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
  - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
  - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
  - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
  - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
  - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverable:*

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

### **Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for PREPA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

**1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required (e.g. updated IRP for PREPA)
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for HTA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

**Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND  
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS FIRST AMENDMENT** to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

**WHEREAS**, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

**1. SERVICES.**

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

**11. MISCELLANEOUS.**

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board  
For Puerto Rico**

  
Name: Natalie A. Jaresko

Title: Executive Director

Date:

**McKinsey & Company, Inc., Washington D.C.**

  
Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

**AMENDED ATTACHMENT 1**  
**Scope of Work For Commonwealth Title III Support**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

Support for the Commonwealth Title III proceedings to the Board to include the following:

***I. Measure:***

- Revising fiscal measures contained in the March 13<sup>th</sup> Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

***II. Baseline and Macro:***

- Reviewing full certified March 13<sup>th</sup> Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

***III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan



- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

**FEEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

\* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**AMENDED ATTACHMENT 3**  
**Scope of Work For Title III Support for HTA**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

\*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

\*\* For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC  
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS SECOND AMENDMENT** to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

**WHEREAS**, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

**McKinsey & Company, Inc., Washington D.C.**



Name: Tyler Duvall

Title: Partner



**SECOND AMENDED ATTACHMENT 3**  
**Scope of Work for Title III Support for HTA**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

*In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:*

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
  - Capex program priorities and efficiency measures
  - Opportunities to increase revenues
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

**SECOND AMENDED ATTACHMENT 1**  
**Scope of Work for Commonwealth Title III Support**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

***Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.



**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**EXHIBIT B**

***Certification of McKinsey Washington Senior Partner  
Thomas Dohrmann***

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3567-LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY ("HTA"),

(Jointly Administered)

Debtors.

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**CERTIFICATION OF THOMAS DOHRMANN**

I, Thomas Dohrmann, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have been involved in, and managed the provision of professional services rendered by McKinsey Washington as strategic consultant to The Financial Oversight And Management Board For Puerto Rico, as representative of Debtors and am generally familiar with the work performed by the Partners, managers, associates, and other persons in the Firm;
3. The facts set forth in the foregoing Sixteenth Monthly Fee Statement: Title III Support for HTA are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Sixteenth Monthly Fee Statement: Title III Support for HTA complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
  - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
  - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 8, 2019  
Washington, DC

*s/Thomas Dohrmann*  
Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC

**EXHIBIT C**

***Certification of FOMB Executive Director Natalie Jaresko***

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.

(Jointly Administered)

Debtors.

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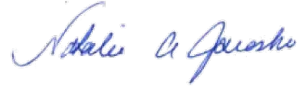
**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON'S  
MONTHLY FEE STATEMENTS FOR THE MONTH OF APRIL 2019**

In accordance with the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269, June 6, 2018] ("Interim Compensation Procedures"), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico ("FOMB");
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the "Consulting Agreement");
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services provided in April 2019 under each of the three (3) workstreams of the Consulting Agreement, namely "Commonwealth Title III Support", "Title III Support for PREPA", and "Title III Support for HTA"; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support

provided during the month of April 2019, pursuant to each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: June 10, 2019

A handwritten signature in blue ink, appearing to read "Natalie Jaresko", is positioned above a horizontal line.

Natalie Jaresko, Executive Director  
The Financial Oversight and  
Management Board for Puerto Rico

## **EXHIBIT D**

### **Title III Support for HTA**

#### **April 2019**

##### **Summary of Work**

In April, the HTA Team focused on supporting the FOMB with the certification of HTA's Fiscal Plan and preparing its FY20 budget and the review of HTA's recent performance to inform development of the Fiscal Plan. Specifically, April focused on review, diligence, and the issuance of a Notice of Violation for HTA's first submission of its FY19-24 Fiscal Plan.

The team continued its work on the Fiscal Plan for HTA. It conducted several follow-up calls with HTA and advisors on Fiscal Plan ("FP") and budget topics, facilitated a meeting with the executive director of HTA on a budget revision request from HTA to authorize \$80M in unbudgeted revenues for use on Abriendo Caminos projects, prepared analysis outlining decision to revise HTA's budget to incorporate that \$80M for the Abriendo Caminos projects, met with the Federal Highway Authority ("FHWA") to solicit feedback on HTA's proposed Fiscal Plan and participated in FHWA senior leadership meeting on MOU performance and potential collaboration, facilitated several working sessions with HTA to align on the FOMB's Fiscal Plan / FY20 budget timeline and workplan, reviewed HTA's Fiscal Plan submission and prepared the Notice of Violation letter, and supported a meeting between the executive directors of FOMB and HTA.

##### **McKinsey Washington's HTA Title III Team Detailed Activities by Deliverable**

- Fiscal Plan development
  - Participated in several follow-up calls with HTA and advisors on FP and budget topics (CIP, rightsizing, tolling)
  - Refined draft FP model based on outside-in analysis performance and data received from HTA to-date
  - Facilitated working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA
  - Consolidated, reviewed, and developed perspective on how to incorporate FHWA feedback into the HTA Fiscal Plan
  - Prepared Notice of Violation and executive-level brief for FOMB Executive Director on potential violating items and Board decisions required
  - Participated in FHWA senior leadership meeting on MOU performance and potential collaboration
- Fiscal Plan monitoring
  - Prepared draft of monthly reporting memo for FOMB



■ Fiscal Plan support

- Facilitated meeting with Executive Director of HTA on budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
- Prepared analysis outlining decision and recommendation regarding \$80M budget revision request noted above
- Explored courses of action in response to HTA request for Abriendo Caminos funding from DTPW (via the general fund)

**McKinsey Washington's HTA Title III Team Detail and Contributions**

The McKinsey team was led by Tyler Duvall and Aaron Bielenberg, who provided overall strategic guidance, expert input and coordination with other workstreams, and two Associate Partners - Ben Safran, who provided direction to the working team and stakeholder management, as required, on a day-to-day basis, and Roberto Charon, who provided expert input on capital projects and infrastructure. The working team consisted of one full-time Engagement Manager (Zarif Jamil) and one full-time Associate (David Abarbanel).

■ Tyler Duvall (Partner – part-time – content director infrastructure):

- Provided perspective on FOMB's approach to the Fiscal Plan and FY20 budget development process and implications on HTA's process
- Provided guidance on FHWA potential collaboration and MOU performance

■ Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):

- Provided context on output from follow-up calls with HTA and advisors around the CIP
- Provided expert input on approaches to capex delivery capability building in Puerto Rico

■ Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure):

- Provided expert capital projects perspective to inform working session between HTA and FHWA on project delivery considerations, best practices and acceleration opportunities
- Provided expert capital projects perspective in meeting with HTA and advisors in understanding details of project prioritization approach and rationale for changes in project portfolio

■ Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure):

- Participated in FHWA senior leadership meeting on MOU performance and potential collaboration
- Facilitated working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA
- Provided input on areas to be potentially refined / updated in HTA's revised Fiscal Plan and Notice of Violation, e.g., performance to-date, adjusting for FY19 actuals, capital program assumptions
- Reviewed update materials for Executive Director, providing input on key messages and contextual elements, e.g., current situation at HTA, key areas of performance

- Zarif Jamil (Engagement Manager – full-time – engagement manager):
  - Co-facilitated and supported working session between HTA and FHWA to discuss performance against HTA project acceleration priorities and other items related to the working relationship between FHWA and HTA
  - Facilitated meeting with Executive Director HTA on budget revision request from HTA indicating additional \$80M in revenues for use on Abriendo Caminos projects
  - Led analysis and briefed Executive Director, supporting Associate in developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Participated in FHWA senior leadership meeting on MOU performance and potential collaboration
  - Participated in several follow-up calls with HTA and advisors on FP and budget topics (CIP, rightsizing, tolling)
  - Explored courses of action in response to HTA request for Abriendo Caminos funding from DTPW (via the general fund)
- David Abarbanel (Associate – full-time – CIP and FP monitoring):
  - Consolidated, reviewed, and responded to FHWA feedback on HTA Fiscal Plan
  - Prepared Notice of Violation and executive-level brief for FOMB Executive Director on potential violating items and Board decisions required
  - Prepared analysis outlining decision and recommendation for FOMB Executive Director regarding \$80M budget revision request noted above
  - Progressed draft FP model based on outside-in analysis performance and data received from HTA to-date
  - Developed monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions, e.g., financial performance, liquidity position, measures implementation, CIP
  - Analyzed monthly budget-to-actuals reporting submissions and obtained clarifications for observed discrepancies and unexplained variances with HTA
  - Prepared analysis outlining decision and recommendation regarding \$80M budget revision request noted above
  - Prepared update materials for Executive Director, developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Prepared new iteration of recommended CIP tracking template for HTA, identifying relevant fields to be incorporated based on expert input, and reviewing subsequent iterations prepared by HTA's advisors.

**EXHIBIT E**

*April 2019 Invoice*

## McKinsey&Company

The Financial Oversight and  
Management Board for Puerto Rico  
PO Box 195556  
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant  
[accountspayable@promesa.gov](mailto:accountspayable@promesa.gov)

**Invoice No: USQ-8144YQ-5755**

Consulting Agreement  
Client for Strategic Consulting support related to  
the Title III Cases  
Effective Agreement Date: November 1, 2017  
Amendment Date: April 1, 2018

Invoice Date: 05/30/2019

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Net 30

### FFP Payment Schedule for HTA Services

**Invoice PoP:** April 1, 2019 – April 30, 2019

Gross invoice amount for services performed outside Puerto Rico:	\$	114,131.68
Gross invoice amount for services performed in Puerto Rico:	\$	275,870.88
<b>Subtotal</b>	<b>\$</b>	<b>390,002.55</b>
Less withholding tax deducted at source	\$	(80,002.55)
<b>Net Invoice Payable:</b>	<b>\$</b>	<b>310,000.00</b>

**Total Invoice: \$ 310,000.00**

**McKinsey reserves the right to reissue an invoice to account for changes in applicable taxes.**

Please wire transfer payment to:  
McKinsey & Company, Inc.  
Citibank N.A.  
Bank Account Number: [REDACTED]  
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:  
McKinsey & Company, Inc.  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal Tax ID#: 56-2405213

**Please reference the invoice number and invoice date on your remittance advice.**

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re: PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

Case No. 17 BK 3567-LTS

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA"),

Debtors.<sup>1</sup>

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**SEVENTEENTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.  
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED TO THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS  
REPRESENTATIVE OF DEBTOR, PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA")  
FOR THE PERIOD MAY 1, 2019 THROUGH MAY 31, 2019**

Name of Professional: McKinsey & Company, Inc. Washington D.C.  
("McKinsey Washington")

Authorized to Provide Services to: The Financial Oversight and Management Board for  
Puerto Rico, as Representative of the Debtors  
Pursuant to PROMESA Section 315(b)

Period for which compensation  
and reimbursement is sought: May 1, 2019 - May 31, 2019

Amount of compensation sought  
as actual, reasonable and necessary: **\$310,000.00**

Amount of expense reimbursement sought  
sought as actual, reasonable and necessary<sup>2</sup>: **\$0.00**

Type of Fee Statement: Seventeenth Monthly Fee Statement:  
Title III Support for HTA<sup>3</sup>

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<sup>1</sup> The last four (4) digits of HTA's federal tax identification number are 3808.

<sup>2</sup> McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

<sup>3</sup> Notice of this Seventeenth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Order (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Order.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico as representative Of Debtor, Puerto Rico Highways And Transportation Authority (“HTA”, “Debtors” or the “Board”), hereby serves this Seventeenth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of May 2019 (the “Fee Period”) pursuant to the “Title III Support for HTA” Scope of Work (“HTA Scope of Work”) of the consulting agreement entered into between McKinsey Washington and the Board on or about and July 3, 2017 for consulting services in support of the Title III litigation, as amended effective January 1, 2017 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Interim Compensation Procedures, a Certification of Thomas Dohrmann, a Senior Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B, and a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Seventeenth Monthly Fee Statement, is attached as Exhibit C.

2. By this Seventeenth Monthly Fee Statement: Title III Support for HTA, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee Period in the amount of \$279,000.00 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Order).

**Summary of Services Rendered During the Fee Period**

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the HTA Scope of Work.<sup>4</sup>
4. Included at Exhibit D is a detailed summary of McKinsey Washington's scope of services, deliverables and team member activities performed pursuant to the HTA Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice<sup>5</sup> for fees incurred during the Fee Period pursuant to the HTA Scope of Work. As reflected in Exhibit E, McKinsey Washington incurred \$310,000.00 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$279,000.00).
6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.

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<sup>4</sup> McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

<sup>5</sup> The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%). McKinsey Washington has calculated the proportion of work performed in Puerto Rico in a manner that is consistent with the terms of the Consulting Agreement.

7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

### **Representations**

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Seventeenth Monthly Fee Statement: Title III Support HTA due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

### **Notice**

9. Notice of this Seventeenth Monthly Fee Statement: Title III Support for HTA has been or will be provided by overnight delivery or e-mail to:
- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. ([ppossinger@proskauer.com](mailto:ppossinger@proskauer.com));
  - ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn:Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
  - iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);



- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñiz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmarini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despina, Esq. ([lucdespins@paulhastings.com](mailto:lucdespins@paulhastings.com));
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. ([aaneses@cstlawpr.com](mailto:aaneses@cstlawpr.com));
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. (rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. (csteeg@jenner.com) and Melissa Root, Esq. ([mroot@jenner.com](mailto:mroot@jenner.com));
- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequiera, Esq. ([ajb@bennazar.org](mailto:ajb@bennazar.org));
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and

- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (KStadler@gklaw.com).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$279,000.00 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: July 8, 2019  
McKinsey & Company, Inc. Washington DC  
Washington DC

s/Thomas Dohrmann  
Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC  
1200 19th St NW #1000  
Washington, DC 20036  
Telephone: (202) 662-3100  
Email: Thomas\_Dohrmann@Mckinsey.com  
*Strategic Consultant to the Debtors*

**EXHIBIT A**

***Consulting Agreement***

***PROPRIETARY and CONFIDENTIAL***

**CONSULTING AGREEMENT**

**McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico** (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

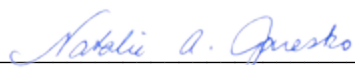
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

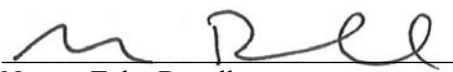
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico  
(Client)

McKinsey & Company, Inc., Washington D.C.

  
Name: Natalie A. Jaresko  
Title: Executive Director  
Date: Sept. 12, 2017

  
Name: Tyler Duvall  
Title: Partner  
Date: September 8, 2017

**ATTACHMENT 1**  
**Scope of Work**  
**For**  
**Commonwealth Title III Support**

**Services:**

In regards to support for the Commonwealth Title III proceedings to the Board to include:

*Activities:*

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
  - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
  - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
  - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
  - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
  - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
  - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverable:*

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

### **Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.



**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for PREPA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

**1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required (e.g. updated IRP for PREPA)
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**ATTACHMENT 2**  
**Scope of Work**  
**for**  
**Title III Support for HTA**

**Services:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

**Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA**

*Activities:*

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
  - Provide expert testimony (at most 2 per quarter)
  - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
  - Provide support at related stakeholder interactions, which may include presentations

*Deliverables:*

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

*Support Structure and Cost:*

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

**Payment Schedule**

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25<sup>th</sup> day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND  
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS FIRST AMENDMENT** to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

**WHEREAS**, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

**1. SERVICES.**

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

**11. MISCELLANEOUS.**

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board  
For Puerto Rico**

  
Name: Natalie A. Jaresko

Title: Executive Director

Date:

**McKinsey & Company, Inc., Washington D.C.**

  
Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

**AMENDED ATTACHMENT 1**  
**Scope of Work For Commonwealth Title III Support**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

Support for the Commonwealth Title III proceedings to the Board to include the following:

***I. Measure:***

- Revising fiscal measures contained in the March 13<sup>th</sup> Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

***II. Baseline and Macro:***

- Reviewing full certified March 13<sup>th</sup> Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

***III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

**FEEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

\* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.



**AMENDED ATTACHMENT 3**  
**Scope of Work For Title III Support for HTA**

**PERIOD OF PERFORMANCE:**

November 1, 2017 – March 31, 2018

**SCOPE:**

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
  - Debt restructuring terms and plans, agreed with creditors to the extent possible
  - Detailed privatization/corporatization plans supported by financial models and market engagement
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
  - Macro-resource planning when required
  - Clear assessments of economic and social impacts on the people of Puerto Rico
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**



December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

\*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

\*\* For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT  
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC  
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

**THIS SECOND AMENDMENT** to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

**WHEREAS**, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

**WHEREAS**, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

**WHEREAS**, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board  
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

**McKinsey & Company, Inc., Washington D.C.**



Name: Tyler Duvall

Title: Partner

**SECOND AMENDED ATTACHMENT 3**  
**Scope of Work for Title III Support for HTA**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

*In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:*

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
  - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
  - Capex program priorities and efficiency measures
  - Opportunities to increase revenues
  - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
  - Governance and management plans that will enable delivery of actions
  - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.



**SECOND AMENDED ATTACHMENT 1**  
**Scope of Work for Commonwealth Title III Support**

**PERIOD OF PERFORMANCE AND SCOPE:**

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

***Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:***

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

**FEES AND INVOICING:**

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

<b>Period of Performance</b>	<b>Fee</b>
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

**EXHIBIT B**

***Certification of McKinsey Washington Senior Partner  
Thomas Dohrmann***



**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3567-LTS

PUERTO RICO HIGHWAY AND  
TRANSPORTATION AUTHORITY ("HTA"),

(Jointly Administered)

Debtors.

-----X

**CERTIFICATION OF THOMAS DOHRMANN**

I, Thomas Dohrmann, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have been involved in, and managed the provision of professional services rendered by McKinsey Washington as strategic consultant to The Financial Oversight And Management Board For Puerto Rico, as representative of Debtors and am generally familiar with the work performed by the Partners, managers, associates, and other persons in the Firm;
3. The facts set forth in the foregoing Seventeenth Monthly Fee Statement: Title III Support for HTA are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Seventeenth Monthly Fee Statement: Title III Support for HTA complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
  - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
  - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 8, 2019  
Washington, DC

*s/Thomas Dohrmann*  
Thomas Dohrmann  
Senior Partner  
McKinsey & Company, Inc. Washington DC

**EXHIBIT C**

***Certification of FOMB Executive Director Natalie Jaresko***

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

-----X

In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.

(Jointly Administered)

Debtors.

-----X

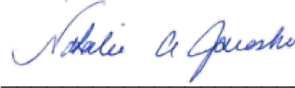
**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON'S  
MONTHLY FEE STATEMENTS FOR THE MONTH OF MAY 2019**

In accordance with the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269, June 6, 2018] ("Interim Compensation Procedures"), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico ("FOMB");
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the "Consulting Agreement");
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services provided in May 2019 under each of the three (3) workstreams of the Consulting Agreement, namely "Commonwealth Title III Support", "Title III Support for PREPA", and "Title III Support for HTA"; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support

provided during the month of May 2019, pursuant to each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: June 10, 2019



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Natalie Jaresko, Executive Director  
The Financial Oversight and  
Management Board for Puerto Rico

## **EXHIBIT D**

### **Title III Support for HTA**

#### **May 2019**

##### **Summary of Work**

In May, the HTA Team focused on finalizing and certifying the HTA's Fiscal Plan and preparing its FY20 budget and the monitoring of HTA's performance to inform adjustments to the Fiscal Plan. Specifically, May focused on refining HTA's FY19-24 Fiscal Plan for certification, including sending an NOV letter; refining assumptions around rightsizing, toll optimization, and the CIP; establishing KPIs for ongoing monitoring; finalizing the Venegas contract; and incorporating feedback from FHWA.

The team finalized the Fiscal Plan ("FP") for HTA. In this process, it reviewed drafts of the Fiscal Plan and collected feedback from Federal Highway Authority ("FHWA"), HTA and its advisors, and the Board subcommittee. Additionally, the team met with HTA to explain the Notice of Violation and to discuss Fiscal Plan gaps and next steps, refined budget assumptions for Abriendo Caminos (road resurfacing program), and set revenue goals for each toll road in HTA's system.

##### **McKinsey Washington's HTA Title III Team Detailed Activities by Deliverable**

###### **■ Fiscal Plan development**

- Redlined HTA-submitted draft Fiscal Plan, and reviewed revisions with HTA and its advisors
- Facilitated FOMB-HTA working session on Fiscal Plan updates
- Reviewed HTA's final Fiscal Plan submission, comparing it to the FOMB version of the Fiscal Plan and identified key drivers
- Finalized and sent Notice of Violation letter to HTA for final draft of Fiscal Plan
- Analyzed professional services included in Fiscal Plan submitted by HTA
- Refined budget assumptions with HTA on Abriendo Caminos, Capital Improvement Program (CIP), the Voluntary Transition Program (VTP), and tolling
- Prepared document for Subcommittee review
- Collected and integrated FHWA feedback on priority FP topics (includes working session)
- Shared Fiscal Plan with FOMB team for final review & incorporated Executive Director's comments
- Developed recommendation on rollover of HTA funds from prior years
- Reconciled FY19 Fiscal Plan amounts with latest budget-to-actuals report
- Set revenue goals for each toll road to help encourage improvement across the system
- Incorporated feedback on FP from FOMB legal counsel and financial advisors

- Fiscal Plan monitoring
  - Finalized monthly reporting memo for FOMB
- Fiscal Plan support
  - Completed review of HTA's construction contract with Venegas
  - Responded to Commonwealth (CW) / Fiscal Agency and Financial Advisory Authority (AAFAF) request to use FY18 funds for Abriendo Caminos

### **McKinsey Washington's HTA Title III Team Detail and Contributions**

The McKinsey team was led by Mike Kerlin and Aaron Bielenberg, who provided overall strategic guidance, expert input and coordination with other workstreams, an Associate Partner - Ben Safran, who provided direction to the working team and facilitated stakeholder management, as required, on a day-to-day basis - and Roberto Charon, who provided expert input on capital projects and infrastructure. The working team consisted of one full-time Engagement Manager (Zarif Jamil), an outgoing full-time Associate (David Abarbanel), a new full-time Associate (Rustin Fakheri), and a Business Analyst (Sam DeFabrizio).

- Mike Kerlin (Partner – part-time – content director infrastructure):
  - Provided perspective on FOMB's approach to the Fiscal Plan, FY20 budget development process and implications on HTA's process
  - Provided expertise related to toll road revenue goals for HTA and approaches used in other jurisdictions
- Aaron Bielenberg (Associate Partner – part-time – content director infrastructure):
  - Provided validation of capital program projections incorporated into final Fiscal Plan against experience with other U.S. and international highway authorities
  - Refined assumptions around HTA project capacity based on industry expertise with other organizations and capital improvement programs
- Roberto Charon (Associate Partner – part-time – expert on capital projects and infrastructure):
  - Provided expert capital projects perspective on HTA's existing operating model and implications on the Fiscal Plan and delivery of the CIP
  - Provided expert capital projects perspective for meetings with FHWA on project delivery challenges, best practices, and acceleration opportunities
  - Reviewed the draft Fiscal Plan and provided expert capital projects perspective on the capital improvement program proposal and the related fiscal measures
- Ben Safran (Associate Partner – part-time – engagement director and expert in infrastructure):
  - Facilitated FOMB-HTA working session related to proposed Fiscal Plan updates (Rightsizing, Toll Optimization, Capital Program)

- Supported response to CW/AAFAF request for use of FY18 funds for Abriendo Caminos
- Provided input on areas to be potentially refined / updated in HTA's revised Fiscal Plan e.g., performance to-date, adjusting for FY19 actuals, capital program assumptions
- Reviewed update materials for Executive Director, providing input on key messages and contextual elements, e.g., current situation at HTA, key areas of performance
- Refined budget assumptions with HTA on Abriendo Caminos, CIP, and tolling
- Zarif Jamil (Engagement Manager – full-time – engagement manager)
  - Supported the finalization of the Notice of Violation letter for HTA's draft Fiscal Plan submission
  - Facilitated meeting with FHWA to solicit and gather feedback on the proposed Fiscal Plan, as well as broader advice and best practices around capital project delivery for HTA's benefit
  - Co-facilitated with Engagement Director FOMB-HTA working session related to proposed Fiscal Plan updates (Rightsizing, Toll Optimization, Capital Program)
  - Attended and participated in meeting with HTA to discuss Fiscal Plan gaps and next steps
  - Provided briefings to Executive Director, supporting Associate in developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Reviewed red-lined HTA Fiscal Plan with HTA's advisors
  - Clarified legal authority of HTA to request a budget revision request to use an additional \$80M in revenues for on the Abriendo Caminos (road resurfacing) projects
  - Reviewed and refined monthly deliverables prepared by Associate (e.g., Executive Director briefing, Fiscal Plan working session schedules, monthly CIP reporting) for numerical accuracy, clarity of messaging, and completeness of information
  - Oversaw the review of Act-3-2019 pertaining to HTA's toll fines, ensuring necessary approvals and guidance obtained in line with FOMB and internal operating procedures
  - Oversaw the review of an MOU between HTA and Hacienda regarding Title III professional service fee reimbursement
  - Aligned with FOMB team and legal advisors on funds that can roll over from FY2019 budget
- David Abarbanel (Associate – full-time, one week – CIP and FP monitoring)
  - Finalized monthly reporting package for FOMB based on analysis and synthesis of recent monthly reporting submissions, e.g., financial performance, liquidity position, measures implementation, CIP
  - Revised HTA's draft Fiscal Plan submission, identifying both assertions and calculations that were potential violations for further review



- Prepared review of HTA’s construction contract with Venegas
- Rustin Fakheri (Associate – full-time, full month– CIP and FP monitoring)
  - Prepared update materials for Executive Director, developing key analysis and synthesizing key messages, e.g., liquidity performance, budget-to-actuals, CIP
  - Analyzed monthly budget-to-actuals reporting submissions and obtained clarifications for observed discrepancies and unexplained variances with HTA
  - Reconciled FY2019-24 Fiscal Plan against FY19 budget-to-actuals reporting, identifying several discrepancies and reconciling current HTA damage estimate projections against previous year’s
  - Refined FOMB version of the HTA Fiscal Plan model, incorporating a refined view of capital expenditures from on FHWA and feedback from the FOMB Executive Director
  - Collected and integrated FHWA feedback on priority FP topics, e.g., key performance indicators of the capital improvement program and regular reporting on capital projects
  - Reviewed HTA’s final Fiscal Plan submission and developed document on HTA Fiscal Plan for FOMB Board Subcommittee review
  - Incorporated comments from FOMB Executive Director into the Fiscal Plan for Board certification
  - Set revenue goals for each toll road to help encourage improvement across the system
- Sam DeFabrizio (Business Analyst – CIP and FP monitoring)
  - Validated HTA-submitted fiscal plan against FOMB guidelines, specifically in identifying and isolating funds rolled over across year
  - Updated the summary documentation of the HTA Fiscal Plan for board review, supporting a meeting with the FOMB Executive Director

**EXHIBIT E**

***May 2019 Invoice***

## McKinsey&Company

The Financial Oversight and  
Management Board for Puerto Rico  
PO Box 195556  
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant  
[accountspayable@promesa.gov](mailto:accountspayable@promesa.gov)

**Invoice No: USQ-8144YQ-5794**

Consulting Agreement  
Client for Strategic Consulting support related to  
the Title III Cases  
Effective Agreement Date: November 1, 2017  
Amendment Date: April 1, 2018

Invoice Date: 06/27/2019

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Net 30

### FFP Payment Schedule for HTA Services

**Invoice PoP:** May 1, 2019 – May 31, 2019

Gross invoice amount for services performed outside Puerto Rico:	\$	108,986.20
Gross invoice amount for services performed in Puerto Rico:	\$	283,118.03
<b>Subtotal</b>	<b>\$</b>	<b>392,104.23</b>
Less withholding tax deducted at source	\$	(82,104.23)
<b>Net Invoice Payable:</b>	<b>\$</b>	<b>310,000.00</b>

**Total Invoice: \$ 310,000.00**

**McKinsey reserves the right to reissue an invoice to account for changes in applicable taxes.**

Please wire transfer payment to:  
McKinsey & Company, Inc.  
Citibank N.A.  
Bank Account Number: [REDACTED]  
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:  
McKinsey & Company, Inc.  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal Tax ID#: 56-2405213

**Please reference the invoice number and invoice date on your remittance advice.**

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.